GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:805
ANSWERED ON:17.08.2007
PRIVATE PARTICIPATION IN POWER SECTOR
Chitthan Shri N.S.V.

Will the Minister of POWER be pleased to state:

(a) whether the private players are reluctant to invest in power sector; and

(b) if so, the steps taken by the Government to promote the private participation in power sector?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) & (b) : No, Sir. In the past, the Independent Power Producers (IPPs) were finding it difficult to get financial closure in view of the weak finances of the SEBs who were their sole customers but in the recent past the Government of India have taken a number of policy initiatives which are expected to increase power generation through investments in public as well as private sector. Some of the major initiatives are given below :

(i) De-licensing of thermal generation and captive generation being freely permitted.

(ii) Structural reforms for State Electricity Boards.

(iii) Formation of Central and State Regulatory Commissions.

(iv) Formation of National Grid.

(v) Open access in Transmission and Distribution.

(vi) Power trading being recognized as a distinct activity.

(vii) Accelerated Power Development and Reforms Programme.

(viii) Incentives to reduce T&D losses.

Encouraged by the enabling legislative framework and the above initiatives, 16 private sector power projects aggregating to a capacity of 7320 MW have achieved financial closure in the past two and half years and have commenced construction.